

Message Text

LIMITED OFFICIAL USE

PAGE 01 USBERL 01969 281305Z

50

ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-03 H-01 INR-05 L-01

NSAE-00 NSC-05 PA-01 RSC-01 PRS-01 SP-02 SS-15

USIA-06 SAJ-01 EB-04 TRSE-00 NIC-01 IO-04 COME-00

(ISO) W

----- 093502

P R 281215Z OCT 74

FM USMISSION USBERLIN

TO SECSTATE WASHDC PRIORITY 45

INFO AMEMBASSY BERLIN

AMEMBASSY BONN

AMEMBASSY LONDON

AMEMBASSY MOSCOW

AMEMBASSY PARIS

USMISSION NATO

AMEMBASSY BELGRADE

BUCHAREST 1059

AMEMBASSY BUDAPEST

AMEMBASSY PRAGUE

AMEMBASSY SOFIA

AMEMBASSY WARSAW

AMCONSUL BREMEN

AMCONSUL DUSSELDORF

AMCONSUL FRANKFURT

AMCONSUL HAMBURG

AMCONSUL MUNICH

AMCONSUL STUTTGART

LIMITED OFFICIAL USE USBERLIN 1969

EO 11652: NA

TAGS: PGOV, ETRD, GE, GW, WB

SUBJECT: GDR LOWERS MINIMUM CURRENCY-EXCHANGE REQUIREMENTS

REF: USBERLIN 1964

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 USBERL 01969 281305Z

1. BEGIN SUMMARY. AS ANTICIPATED (REFTEL), GDR OCTOBER 16 ANNOUNCED PARTIAL ADJUSTMENT, EFFECTIVE NOVEMBER 15, OF LAST YEAR'S REGULATION DOUBLING MINIMUM CURRENCY-EXCHANGE REQUIREMENTS FOR VISITORS TO EAST BERLIN AND GDR. GOVERNING MAYOR AND OTHER WEST BERLIN POLITICAL LEADERS WELCOMED MOVE AS STEP IN RIGHT DIRECTION, BUT REGRETTED FULL RETURN TO PRE-NOVEMBER 1973 REGULATION NOT EFFECTED AND PENSIONERS STILL LIABLE TO EXCHANGE REQUIREMENT. ANNOUNCEMENT APPEARS KEYED TO SCHMIDT MOSCOW VISIT AND DESIGNED TO ASSIST GDR IN OBTAINING EXTENSION OF SWING CREDIT AGREEMENT WITH FRG ON FAVORABLE TERMS. END SUMMARY

2. GDR OCTOBER 26 ANNOUNCED THAT ON NOVEMBER 15, EXACTLY ONE YEAR TO DAY AFTER DOUBLING MINIMUM CURRENCY-EXCHANGE FOR WESTERN VISITORS, REQUIREMENTS WOULD BE REDUCED, ALBEIT NOT TO LEVELS EXISTING PRIOR TO NOVEMBER 15, 1973. ACCORDING TO ADN ITEM IN OCTOBER 27 NEUES DEUTSCHLAND (ND), NEW REQUIREMENT WILL BE MARKS 13 (DOWN FROM MARKS 20 BUT HIGHER THAN PRE-NOVEMBER 1973 LEVEL OF MARKS 10) FOR VISITORS TO GDR AND MARKS 6.50 (DOWN FROM MARKS 10 BUT HIGHER THAN ORIGINAL LEVY OF MARKS 5) FOR VISITORS TO EAST BERLIN.
EAST GERMAN CURRENCY NOT EXPENDED DURING SOJOURN IN GDR OR EAST BERLIN MAY BE DEPOSITED WITH EAST GERMAN BANK FOR USE DURING A FUTURE VISIT OR HELD AGAINST A RECEIPT. CHILDREN WHO HAVE NOT REACHED SIXTEENTH BIRTHDAY REMAIN EXEMPT, BUT PENSIONERS REMAIN SUBJECT TO EXCHANGE REQUIREMENT (THEY WERE EXEMPT PRIOR TO 1973 REGULATION).

2. BRIEF ND COMMENTARY ACCOMPANYING ADN ITEM DEPICTED GDR ACTION AS THAT OF SOVEREIGN STATE TAKEN IN ACCORDANCE WITH ITS OWN BEST INTERESTS. DECISION TO LOWER EXCHANGE REQUIREMENTS WAS EXPLAINED AS STEMMING FROM REVIEW OF PAST YEAR'S EXPERIENCE, WHICH SHOWED THAT HIGHER EXCHANGE REQUIREMENTS HAD PROTECTED GDR ECONOMIC INTERESTS FROM "CAPITALISTIC CURRENCY MANIPULATIONS" BUT HAD PROVEN "UNSATISFACTORY" IN PROMOTING WESTERN TOURISM.

3. WEST BERLIN REACTION TO GDR MEASURE WAS QUALIFIED APPROVAL. GOVERNING MAYOR SCHUETZ OCTOBER 26 CALLED REDUCTION STEP IN RIGHT DIRECTION BUT NOT SUBSTITUTE FOR COMPLETE RETURN TO PRE-NOVEMBER 1973 SITUATION, UNILATERALLY ABROGATED BY PREVIOUS GDR ACTION, WHICH SENAT WOULD CONTINUE TO LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 USBERL 01969 281305Z

DEMAND. BERLIN CDU AND FDP SPOKESMEN, ECHOED SCHUETZ'S REMARKS. BERLIN EDITORIAL CONTENT FOLLOWED SAME LINE. DIE WELT'S KEMNA ON OCTOBER 28 PRAISED UNANIMITY WITH WHICH ALL WEST GERMAN POLITICAL FACTIONS HAD CRITICIZED INADEQUACY OF EAST GERMAN MEASURE AND ADMONISHED ALL CONCERNED TO REMAIN STEADFAST IN THEIR DETERMINATION TO ACHIEVE FULL RETURN TO STATUS QUO ANTE.

4. COMMENT. STATED GDR REASONS FOR REDUCING EXCHANGE REQUIREMENTS

ARE AS SPECIOUS AS THOSE ADVANCED A YEAR AGO WHEN REQUIREMENTS WERE RAISED. GDR INTENT APPARENTLY REMAINS AS BEFORE TO LIMIT FLOW OF WEST GERMAN AND WEST BERLIN VISITORS TO GDR. GIVEN ABILITY OF VISITORS TO OBTAIN CHEAP EAST MARKS IN WEST BERLIN, IMPOSING REQUIREMENT TO EXCHANGE SPECIFIC NUMBER OF WEST MARKS AT ONE-TO-ONE RATE UPON ENTRY IN EAST BERLIN ALLOWS GDR TO LIMIT FLOW BY MAKING IT EXPENSIVE FOR VISITORS. BEGRUDGING REDUCTION OF MANDATORY REQUIREMENTS TO LEVEL 30 PER CENT ABOVE PREVIOUS BASE RATHER THAN TO BASE ITSELF PROBABLY REGARDED AS SATISFYING NEED FOR CONCILIATORY GESTURE ON EVE OF SCHMIDT MOSCOW VISIT AS WELL AS IN CONJUNCTION WITH SWING-CREDIT NEGOTIATIONS, WHILE FURTHER MANIFESTING GDR ABILITY TO ACT UNILATERALLY IN MATTER INVOLVING QA INTERPRETATION. REFUSAL TO "IMPORT INFLATION" DOUBTLESS A CONTRIBUTORY FACTOR IN DETERMINING EXCHANGE LEVELS.

5. AS FOR TIMING, IT HAS BEEN SUGGESTED THAT GDR WAITED UNTIL EVE OF HESSE AND BAVARIAN LAENDER ELECTIONS TO HAVE NEWS BURIED BY MEDIA CONCENTRATING ON ELECTION RESULTS.KLEIN

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: TOURISM, CURRENCY CONTROLS, FOREIGN EXCHANGE RATES
Control Number: n/a
Copy: SINGLE
Draft Date: 28 OCT 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: garlanwa
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974USBERL01969
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D740315-0135
From: USBERLIN
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19741011/aaaaajiy.tel
Line Count: 134
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EUR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: USBERLIN 1964
Review Action: RELEASED, APPROVED
Review Authority: garlanwa
Review Comment: n/a
Review Content Flags:
Review Date: 01 MAY 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <01 MAY 2002 by boyleja>; APPROVED <08 JUL 2002 by garlanwa>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: GDR LOWERS MINIMUM CURRENCY-EXCHANGE REQUIREMENTS
TAGS: PGOV, ETRD, GC, GE, WB
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005